

DEPARTMENT OF INSURANCE

FINANCIAL SUMMARY

	FY 2003 EXPENDITURE	FY 2004 APPROPRIATION	FY 2005 REQUEST	GOVERNOR RECOMMENDS FY 2005
Administration	\$ 6,153,162	\$ 6,804,032	\$ 6,377,820	\$ 6,476,719
Market Conduct and Financial Examinations	6,416,423	7,464,678	7,275,712	7,380,190
Health Insurance Counseling	312,958	450,000	450,000	650,000
DEPARTMENTAL TOTAL	\$ 12,882,543	\$ 14,718,710	\$ 14,103,532	\$ 14,506,909
General Revenue	0	0	0	200,000
Federal Funds	312,958	450,000	450,000	450,000
Insurance Examiners Fund	6,416,423	7,464,678	7,275,712	7,380,190
Department of Insurance Dedicated Fund	6,153,162	6,804,032	6,377,820	6,476,719
Full-time equivalent employees	215.53	226.50	222.50	222.50

POLICY SUMMARY

Governor Holden's budget for Fiscal Year 2005 provides a total of \$14.5 million for the Department of Insurance. The department provides services for Missouri consumers to protect and provide oversight of the insurance industry. The core functions provided by the Department of Insurance include:

- Promoting a competitive marketplace to ensure affordable insurance is available to Missourians.
- Providing outreach and educational assistance to aid consumers in making informed purchasing decisions.

Some performance measures the Department of Insurance uses to evaluate the availability and affordability of insurance for Missouri consumers follow:

	2000	2001	2002
Percentage of Missourians (non-elderly) with health insurance	88.0%	88.4%	86.8%
Amount recovered for consumers from disputed claims (millions)	\$7.4	\$12.6	\$10.5
Amount of market conduct recoveries for consumers	\$99,827	\$229,627	\$7,153,142
Number of seniors receiving services from the CLAIM Program	7,248	7,339	8,630
CLAIM program recoveries for Missouri seniors	\$1,061,152	\$1,474,652	\$991,192
Missouri versus nationwide premiums paid to claims paid for:			
workers' compensation insurance*	+5.2%	-10.2%	-6.14%
all property and casualty lines*	-2.0%	+6.1%	-1.7%
all accidental and health lines*	+0.03%	+1.7%	-0.3%

* Negative number indicates Missouri has a better rate than the national average.

Improved Efficiency

Missouri has always been a low tax state and has, therefore, provided only essential services at a very low cost. The state's already low tax level combined with two consecutive years of declining revenue have led to significant reductions in many programs. However, under Governor Holden's leadership, state agencies have minimized the negative impact on services by dramatically reducing administrative costs and by developing ways to provide remaining services in the most efficient way possible.

The Department of Insurance has aggressively improved the services it provides and reduced administrative costs by:

- Increasing the information available for consumers and insurance companies on the website. This has reduced printing costs for the department and saves time for consumers and insurance companies allowing them immediate access to the information they need.
- Streamlining and improving its regulatory processes. The department has worked closely with the National Association of Insurance Commissioners and other state regulators to bring more uniformity, lower costs, and quicker approval to the regulation of the insurance industry.

DEPARTMENT OF INSURANCE

POLICY SUMMARY (Continued)

In addition to cost cutting measures already implemented, the Department of Insurance plans to:

- Develop programs that allow for additional use of electronic filing and applications, reducing time and costs for the department, companies, and producers.
- Increase Market Conduct and Financial Examination's use of desk audits, reducing associated costs for the department and companies.

Fiscal Year 2005 Governor's Recommendations

- \$200,000 transferred from the Department of Health and Senior Services for health insurance counseling.
- \$203,377 other funds for pay plan.
- (\$615,178) other funds and (four) staff in core reduction from the Fiscal Year 2004 appropriation level.